Passed
Chs
Supdt

Secdt. II-57--104,006—4-11-45.

Chs

Food & Agri (1952) Department.

Ms SERIES.

G.O. NO. 704

104

Dated 23-4-1952

[Despatch Abstract.]

The M.F.G.L.O. 1947 — South Kanara dt. — Licence fees — Exemption from payment in respect of certain co-operative Societies — Orders issued.

56351

BOARD OF REVENUE (CIVIL SUPPLIES)
Abstract:

MADRAS FOODGRAINS CONTROL ORDER, 1947 - South Kanara district - Licence fee - levy of - rural credit co-operative Societies - working at a loss during 1949-50 - exemption from the payment of licence fees - orders - Requested.

Board's Ref. No.106452/50--M4 (CS), dated 7th August, 1951.

...

SRI M. V. SUBRAMANIAN, I.C.S.,
Commissioner of Civil Supplies, Madras.

SRI M. A. KUTTALALINGAM PILLAI, B.A.,
Director of Civil Supplies, Madras.

...

Read: (1) From the Registrar of Co-operative Societies, Madras, R.C.D.No.123207/49-S.2, dated 2-6-50.
(2) Board's Ref.106452/50-M3, dated 24-8-50.
(3) From the Registrar of Co-operative Societies, Madras, Rc.115211-50-S.2, dated 18-1-51.
(4) From the Commercial Tax Officer, South Kanara, Rc. 1791-50-B1, dated 9-3-51.
(5) From the Collector of South Kanara, N.Dis.6803/51, dated 4-4-51.
(6) Board's Ref.106452/50-M4, dated 12-4-51.
(7) From the Commercial Tax Officer, South Kanara, Ref. No.1791-51-B1, dated 10-4-51.

...

The Board submits that the Registrar of Co-operative Societies, Madras has recommended to the Board the names of fifteen co-operative societies in South Kanara District for the grant of exemption from the payment of licence fees under the Madras Foodgrains Control Order, 1947 for the years 1949-50 and 1950-1951 on the ground that they were working at a loss. The cases of these fifteen co-operative Societies were referred to the Commercial Tax Officer, South Kanara for remarks through the Collector of the district.

2. A statement showing the names of the fifteen co-opertive Societies, their turn-over during 1948-49, the loss incurred by them in that year together with the remarks of the Commercial Tax Officer and the Collector of South Kanara in regard to the grant of exemption from the payment of licence fees is enclosed. Under item (5) in para 1 of G.O.No.785, (Food) dated 11-7-49, the Government have stated that they have reserved to themselves the power to grant exemption from the payment of licence fees to a person and class of persons and that for the present, the exemption shall be restricted among others to such of the rural credit Co-operative Societies which are actually working at a loss and which are specifically recommended by the Registrar of Co-operative Societies for such exemption. The cases of the 15 Societies have been carefully examined by the Commercial Tax Officer, South Kanara and he considers that exemption from payment of licence fees is called for only in respect of the following rural credit Co-operative Societies for the reasons stated by him in column 6 of the enclosed statement against each:

(1) Neralkatte Co-operative Society - (item 10 in the statement)
(2) Bandaru -do- (" No.11 ")
(3) Sampaji -do- (" No.13 ")
(4) Aivarnad -do- (" No.14 ")
(5) Adoor Maratis -do- Item 15 in the "

The Collector of South Kanara endorses the remarks of the Commercial Tax Officer in the case of the above Societies.

(.....)

3. Out of the remaining ten societies, the Padubidri Co-operative Society (item No.7 in the statement) is not dealing in foodgrains and it has not taken out a licence under the Madras Foodgrains Control Order In respect of the remaining nine societies, the Commercial Tax Officer and the Collector do not recommend the grant of exemption from the payment of licence fees

4. In the circumstances, stated by the Commercial Tax Officer, and endorsed by the Collector, the Board considers that the five Co-operative Societies referred to in para 2 above deserve grant of exemption from the payment of licences fees for the years 1949-50 and 1950-51. It accordingly recommends to the Government that they may be exempted from the payment of licence fees for the years 1949-50 and 1950-51 with reference to item (c) in sub-clause (3) of clause 5-A of the Madras Food grains Control Order 1947.

5. The Board requests early orders of the Government in the matter.

T Rwaraman
10.8.51

for DIRECTOR OF CIVIL SUPPLIES

To
The Secretary to the Government,
Food and Agriculture Department,
Fort St. George, Madras. ~~fcncls.~~ (with enclosure statement 2 sheets).

Spare copy - 1.

kvk.9.8.51/

STATEMENT

(SOUTH KANARA DISTRICT)

S. No	Name of the District.	Name of the Society	Turn-over during 1948-49	Loss as reported by D.C.S. 48-49.	Remarks of the C.T.O.	Remarks of the Collector.	Board's remarks	Board's orders
1	2	3	4	5	6	7	8	9
	SOUTH KANARA DISTRICT	Kollurthava Shivoor Co.op. Society	58922-0-0	216--0--0	The C.T.O.has reported that the exemption applied for is not justified (No licence fee has been paid so far) The T.O. for 1949-50 is reported to be Rs.50949-0-7 and with such a large T.O. there is no reason why the society should work at a loss.	The Collector has endorsed the remarks of the C.T.O.		
	(2)	Sankaranarayana Co-operative Society.	11843--0-0	663--0--0	These societies have to meet the remuneration for the schemes and rents of the buildings and godowns out of the profits realised from the business. The loss in these cases is due to lack of careful management of the Presidents. The C.T.O. has reported that any private dealers would have run all these places successfully without loss and the exemption applied for are not based on sound reasons (No licence fees have been paid for 49-50 and 50-51)	--do--		
	(3)	Kalvar Co.op. Society	7497--0-0	16--0--0				
	(4)	Uppinakudru "	8061--0-0	71--0--0				
	(5)	Hardalli Mandalli "	3353--0-0	30--0--0				
	(6)	Uchil Co.op.Society	2702--0-0	112--0--0	The C.T.O. has reported the ~~society~~ Society had a net profit of 206-0-0 in 48-49 and had a loss of 0-12-0 only in 49-50. It got a refund of sales tax paid amounting to Rs.348-0-0. Hence the society is in a position to pay the licence fee. Any private dealer would have run successfully. The exemption applied is not justified. (No licence fee has been paid for 1949-50 and 1950-51)	--do--		

(P.T.O)

1	2	(3)	(4)	(5)	(6)	(7)	(8)	(9)
South Kanara (Contd.)		(7) Padubidri Co.op Society	2821--0--0	47--0--0	The Society is not dealing in foodgrains so far and it has not taken out a licence. Therefore the question of exemption does not arise.	The Collector has endorsed the remarks of the C.T.O.		
		(8) Hotti Co.op. Society	25142--0--0	67--0--0	The Society holds foodgrains licence. The turn-over for 49-50 is Rs.25803-9-6. The C.T.O. has reported that he sees no reason why the society should run at a loss with such a turnover, and any private dealer would have run the business successfully and the question of payment of licence fee does not warrant exemption. (The licence fees for 49-50 and 50-51 have been paid by the society).	--do--		
		(9) Kavalamudi Co.op. Society	104--0--0	507--0--0	It has not taken out a licence so far, and it is reported to have not conducted business in foodgrains. The question of exemption therefore does not arise. The President, is, however, willing to pay the L.fee in case it is appointed as a relief shop keeper in the village. (No licence fee for 1949-50 and 50-51 has been collected from the Society).	--do--		
		(10) Heralkatte Co.op. Society	32809--0--0	859--0--0	The Society holds a licence. Its turn-over for 49-50 is Rs.30,716-5-10. The profit of the Society is not sufficient for the employment of a clerk and a salesman whom it was found necessary to employ. The exemption applied for is justified in this case. (No L.Fee for 49-50 and 50-51 has been paid by the Society).	--do--		

Vide M' on p 1 above

(Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
South Kanara (Contd.)	(11)	Bandara Co.op. Society	1522--0--0	87--0--0 The Society holds a licence. No taxable turn-over at any time. Even a private dealer could not have run the ration shop successfully due to limited transactions in foodgrains as it is situated in an interior village. The exemption applied for is therefore justified. (No licence fee has been paid for 49-50 and 50-51)		The Collector has endorsed the remarks of the C.T.O.		Vide M employee
	(12)	Sampaje Co.op Society	9100--0--0	330--0--0 Holds a licence. It had a turnover of Rs.10,000-0-0 in 49-50. It is true that the society is running at a loss. No private dealer could have run the ration shop successfully. Exemption applied for seems to be justified. (L.Fee for 49-50 and 50-51 have been paid by the society)		--do--		
	(13)	Aivarnad Co.op Society	10180--0--0	427--0--0 The Society holds a licence. It is reported to be working at a loss. No private dealer could have run the shop successfully and therefore the recommendation of the Dy. Registrar may be accepted. (No licence fee paid for 49-50 or 50-51 by this society).		--do--		
	(14)	Kalnad Co.op. Society	143188--0--0	797--0--0 The Society holds a licence. It had a turnover of Rs.1,36,430-12-11 in 1949-50 and there could not have been any loss. Presumably, the loss is due to mismanagement. Private dealer could have run the ration shop successfully. The exemption applied for in this case is therefore not justified. (Licence fee for 49-50 and 50-51 has been paid by the Society).		--do--		

(P.T.O)

6

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
South Kanara (Contd)		(15) Adoor Maratis Co.op. Society	29609--0--0	247--0--0	It holds a foodgrains licence. It had taxable turnover of Rs.24,074-4-2 in 1949-50. Out of the profit realised by the society it had to meet the remuneration for a clerk and a salesman the services of whom could not be dispensed with under any circumstances. Hence it is found the is working at a loss. No licence fee for 49-50 or 50-51 has been paid by the Society. The C.T.O. recommends that the exemption applied for may be granted even in the case of this Society.	The Collector has endorsed the remarks of the C.T.O.		Vide M on plaboard

10/8/51 10/8/51

A.S. Krishnamurthi
SUPERINTENDENT
10/8/51

7 + A(O)

7

Memo No 56351/02/51-1.d

Sub: The M.F.G. L.O. 1947 - S. Kanara dt - Licence fee - Exemption from payment in respect of certain co-op societies - Further information called for.

Ref: From the Bd of Rev(cs): Ref No 106452/50-M4 (cs) dated 7-8-1951

pp 1-2 c/f

As stated in the Bd of Rev. in para 2 of its Ref. No 029116/50-M4 dt 26-3-51, the question of exemption from payment of licence fee in particular should be framed to any cod individual shall be considered.

To

The Bd of Rev (cs)

17.8.51

20.8.51

The Bd of Rev (cs) is requested to ascertain and report specifically whether the five co-op societies referred to in para 2 of the reference cited were working at a loss in the years 1949-50 and 1950-51.

TO

O.M.: The Bd's reference on pp 1-2 c/f may be perused. In the circs stated in paras 2 and 3 on pp 1-2 c/f, the Bd recommends that the five co-op societies referred to at 'M' on p 1 c/f may be exempted from the payment of the licence fee (of Rs 24/- per annum) for the years 1949-50 and 1950-51. From the statement on pp 3-6 c/f it is seen that the five co-op societies in question were working at a loss in the year 1948-49. Information is not available whether these societies were working at a loss during the years 1949-50 and 1950-51 also. As the exemption sought now is only in respect of the years 1949-50 & 1950-51, it appears quite necessary to know whether the five co-op societies in question were working at a loss during these years. For orders. Subject to orders a draft O.M. in this regard is submitted above for approval.

Vide X on p 2 c/f

Vide I & J on pp 3-6 c/f

Vide M on p 1 c/f (A)

17.8.51

20.8.51

O.M. for my c. forwarded

28/8/51

8

744(A)

CO A S

W.r.t. the orders of A.S. at the bottom of p1 above, a precedent is since put up at (A) The draft O.M. on p1 above is submitted for approval

(A) Memo No 22467/51-1 (744) 1-7-51

24.8.51

29.8.51

Memo No 56351/02/51-1(744) dt 28.8.51

The Bd's attention is invited to the principle enunciated in para 2 of its Ref. No. 029116/50/74 dt 26-5-51, viz that the question whether exemption from the payment of licence fee should be granted to any co-op society can be for any particular year can be considered only with ref. to the loss or gain to the society in that year. In the case referred to in its Ref cited above however the Bd has not based its recommendation on the loss or gain to the Society during the years 1949-50 & 1950-51 to which the proposals relate but on the loss incurred in 1948-49. The Bd is requested to reconsider the matter in the light of the financial position of the societies at the end of the years 1949-50 & 1950-51 and submit a report to Govt revised proposals to Govt

(29/8/51)

Ex 29/8/51 Pl. issue very urgently after inserting "Sub & Ref" as stated overleaf

28.8.51

To 30/8/51

The Bd of Rev(Co).

Ed 21.9.51

BR 6.11.51

NVR 13.11.51

.T.P.I.. 1947 - South Kanara district - Licence fees - levy of - Rural credit co-operative societies working at a loss - Exemption from payment of licence fee.

Board's reference No. 100452-A1/50 (FD) dated 3rd November, 1951.

From

77146

Sri V.S. Venkadi, I.A.S.,
SECRETARY TO GOVERNMENT.

Sri V. V. Subramaniam, I.A.S.,
DEPUTY SECRETARY TO GOVERNMENT.

ASSISTANT SECRETARY
9 · NOV 1951
FOOD AND AGRICULTURE DEPARTMENT

- - -

pp1-2 above Ref: 1. Board's Ref. No. 100452/A4/50-(FD, dated 7-8-1951.
p8 above 2. Government Memo. No. 50381-A2/51 (Food and Agriculture) dated 2-11-51.
pp 11-12 below 3. From the Registrar of Co-operative Societies, Madras, Ref. No. 115211/50-A2 dated 14-10-1951.

. . . .

Copy of the reference cited from the Registrar of Co-operative Societies, Madras is submitted to Government.

In his letter No. C. 115211/50-A2 dated 14-10-1951 the Registrar of Co-operative Societies, Madras recommended the grant of exemption from the payment of licence fees under the T.P.I.. 1947 to certain co-operative societies in the districts of South Kanara, Tirunelveli, Tiruchirapalli, North Arcot, Salem, Ramanathapuram, Coimbatore and South Arcot on the ground that they worked at a loss during 1948-49. The Board in consultation with the Commercial Tax Officers and the Collectors of the districts concerned recommended to Government in its reference cited exemption in the case of five co-operative Societies only in South Kanara district out of 15 co-operative societies recommended by the Registrar of Co-operative Societies in that district. The reference from the Registrar of Co-operative Societies third cited is in respect of this matter. He states that he has recommended exemption from payment of licence fees only in deserving cases and that due weight and consideration should have been given to his recommendation than those of the Commercial Tax Officers and the Collectors. He further states that the terms of the G.O. No. 585 (Food) dated 11th July, 1949 in so far as this question is concerned are that his recommendation should be automatically accepted.

p4 (N) A

Under item (5) in para 1 of G.O. No. 585 'Food' dated 11th July, 1949 the Government have stated that they have reserved to themselves the power to grant exemption from the payment of licence fees to a person and class of persons and that for the present exemption shall be restricted only, among others, to such of the rural credit co-operative Societies, which are actually working at a loss and which are specifically recommended by the Registrar of Co-operative Societies for such exemption. In regard to the 15 Rural Co-operative Societies in South Kanara district recommended for exemption by the Registrar of Co-operative Societies the Board called for remarks from the Commercial Tax Officer and the Collector of South Kanara. They examined these cases carefully and recommended to the Board only 5 societies for exemption from payment of licence fees. In respect of the remaining ten societies they have reported that if these shops had been entrusted to private dealers no loss could have been sustained by them and in that view, the societies concerned need not be given any consideration. The Board agreed with them in this view and recommended to Government only five cases specifically recommended by them.

B

3. In the reference cited the Registrar of Co-operative Societies states that all these 15 societies have incurred loss as per the annual audit report certified by the Deputy Registrar of Societies, that the Commercial Tax Officers' and the Collector's recommendation in the matter should not be taken into account as final, that a statutory audit certificate of the Registrar of Co-operative Societies is superior to their opinion and requests the Board to address the Government to withhold action on Board's recommendations pending the receipt of the lists of societies working at a loss in 1949-50 called for ~~from him~~ from the Deputy Registrar of Co-operative Societies in the State.

P.T.O.

4. The Board submits that although the Registrar of Co-operative Societies may recommend the cases of these societies from the Co-operative point of view, the Board, as an item of Revenue in which it is interested, may still examine these cases in consultation with the Commercial Tax Officers and Collectors and make its own recommendations to the Government for their orders. The test which weighs with the Board in such cases is "whether in similar circumstances any prudent private dealer would have sustained loss."

The Board requests to be informed whether this view is correct and if so requests that necessary instructions may be issued to the Registrar of Co-operative Societies in the matter.

5. The Board is collecting the details called for by the Government in their memo. 56351-D.2/51-1 dated 28-8-1951 and will submit revised proposals after examining the cases with reference to the financial position of the societies during 1949-50 and 1950-51 as instructed by the Government.

TRL Narasimhan
7.11.51

FOR DIRECTOR.

To

The Secretary to Government,
Food and Agriculture department,
Madras. (with enclosures).

ek 6.11

COPY OF: Letter No. C.C. No. 115811/50 dated 18-1-1951 from the Collector, Salem Co-operative Societies, Madras to the Secretary to Government, Industries and Labour Department, Board of Revenue, Madras.

- - -

Sub: Madras Food Grains Control Order - 1947 - Levy of Licence fees - Co-operative Societies - Collector - Exemption from the right to levy - Reg.

Ref: 1. C.C.'s.No. 585, Food department dated 11-7-1949.
2. Board's Reference No. 103832/.4 50 (Vi) dated 7-3-1951.

- - -

In the reference 2nd cited, the Board of Revenue refused to recommend exemption in payment of licence fees to certain rural co-operative credit societies on the ground that the collector or the Commercial Tax Officers did not recommend exemption in their cases. The recommendations of the Collector and the Commercial Tax Officers are not seen to have been based on any definite principles. The Commercial Tax Officers or the Collector did not recommend exemption to the Salem co-operative Societies in Salem District as in their opinion the societies were likely to benefit by incurring losses in the sale of food grains at controlled prices. I made my recommendation on the losses sustained by the societies as per the annual audited accounts and as per the audit certificates issued by the Deputy Registrars in exercise of their powers under section 37 of the Madras Co-operative Societies Act. It is not clear how the Collector and Commercial Tax Officers hold that there was no possibility of the societies working at a loss. A statutory authority is considered superior to their opinion.

2. I wish to recall in this connection the attention of the Board of Revenue to the circumstances under which this exemption was granted to co-operative credit societies. In my letter C.C. No. 20017/49 J2 dated 15-3-1949 to Government in reply to their memorandum No. 53970-C/48-4 Food department dated 9-3-49, I recommended exemption only in respect of rural co-operative credit societies which worked at a loss. Government accepted my recommendation and observed in para 3 of the C.C.'s.No. 585 Food department dated 11-7-1949 that they reserved to themselves the power to grant exemption from the payment of licence fees to such of the rural credit societies as were working at a loss or as were specifically recommended by me for the exemption. The Commercial Tax Officers never raised the question whether the society would have made profits in the sale of food grains. In my opinion not relevant for a consideration of the case for exemption. Government do not contemplate that my recommendation on the financial effects of the business on the societies should be questioned by the Commercial Tax Officers or the Collectors. The only conditions to be satisfied by the societies in order to be eligible for exemption are:

1. that they should be working at loss, and
2. that they should be recommended by me.

Therefore, request the Board of Revenue to recommend to Government for exemption to the societies recommended by me.

3. Regarding to the Board's reference No. 103832/48-1 (Vi), dated 7-12-1950 which formed the basis of the C.C., the levy of licence fees has to be made with effect from the financial year 1949-1950. In its reference No. 029110/50-1 dated 26-3-1951 the Board of Revenue informed Government that exemption from payment of licence fees would be given only with reference to the losses actually incurred by the rural credit societies commencing from 1949-50. In the Government communication to the reference to me, the Board wanted to report the loss sustained by the societies in Tiruchirapalli District during 1949-50. Government granted exemption to 3 societies from the payment of licence fees for the year 1949-50. The recommendation of the Board of Revenue conveyed to me in the Board's reference No. 100402-14/50 (Vi), dated 7-8-1951 is based on the losses sustained by the societies during 1948-49 reported by my letter No. 115811/50 J2 dated 9-8-50 and C.C. 115811/50 J2 dated 18-1-51. As, there are no returns in the hand of the Deputy Registrars to furnish the names of the societies which sustained food-grains during 1949-50 and which worked at losses, I request the Board to issue such instructions and send them to me for transmission to Government for exemption to such societies. A copy of my memorandum to Government is enclosed. I have also addressed the Government to withhold action on the reference No. 103832/48-1 (Vi) dated 7-8-1951.

(J. . . x)

P.T.O.

12

COPY Of: Memo. No. .C.11[illegible]11/50 32 dated 14-10-1951 of the Registrar of Co-operative Societies, Madras to a l Deputy Registrars.

- - -

Sub: Civil Supplies - Foodgrains - Food grains control Order, 1947 - Licence fees levy of - cooperative societies - working at a loss - exemption - particulars - called for -

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pp 41-43c fn (N) The attention of the Deputy Registrars is drawn to G.O. No. 585 Food department dated 11-7-1949 communicated in the Registrar's endorsement No. 20017/49-32 dated 28-7-49. According to these orders a licence fee of Rs. 24/- per annum is leviable on every licence granted and if clause 3 (1) and exemption granted under the first or the second proviso to clause 3 (2) of the Food grains control Order Government decided to grant exemption from the payment of licence fees to the rural co-operative credit societies which had undertaken the foodgrains distribution business provided they had actually worked at a loss and provided also they were specifically recommended by the Registrar. As the licence fee is leviable from 1949-50, the exemption from the levy of the fee will be based on the financial results of the business done by the societies as disclosed in their audit certificates for 1949-50. Deputy Registrars are requested to report before 31-10-1951 the Names of rural credit societies eligible for exemption in the following form.

Name of the rural credit society which distributed foodgrains durin 1949-50.	Licence No. or exemption certificate No.	Amount of fees paid for 1949-50.	Value of foodgrains sold as per the audit report for 1949-50.	Loss as per the audit certificates for 1949-50
1.	2	3	4	5

(TRUE COPY)

SUPERINTENDENT. 6/11

ak 5.11

6/11/51

BOARD OF REVENUE (CIVIL SUPPLIES)
Subject:-

Madras Foodgrains Control Order 1947 - South Kanara district - Licence fees - Exemption from payment in respect of certain cooperative societies - Further report submitted

***

Board's Ref.No.106452/M/50-CS dated 13-2-1952.

From

Sri M.V.Subramanian, I.C.S.
COMMISSIONER OF CIVIL SUPPLIES.

To

Janab A.Ghulam Mahmood, I.A.S.
SECRETARY TO THE COMMISSIONER OF CIVIL SUPPLIES, CHEPAUK: MADRAS.

***

Ref 1-2 above — Board's Ref.No.106452/50-M4 CS dated 7-8-1951.
p 8 above — Government Memo.No.55351/D2/51-1 Food and Agriculture dated 28-8-1951.
pp9-10 above — Board's Ref.No.106452/50-M4 CS dated 3-11-1951.
nc — From the Commercial Tax Officer, South Kanara, References C.No.B1.1791-50 dated 23-10-51, 21-11-51 and 28-1-52.

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1 In reply to the Government Memorandum second cited the Board submits herewith a comparative statement showing the turnover, profit and loss of the five cooperative societies in question for the years 1948-49, 1949-50 and 1950-51.

f1: below — 2 It will be seen from the statement that all the five cooperative societies sustained loss for the years 1948-49. Nerlakatte Cooperative Society and Nivarnad Cooperative Society incurred loss for the years 1949-50, and 1950-51. The Adoor Maratis Cooperative Society incurred loss for the year 1949-50 ~~and 1950-51~~ whereas for the year 1950-51, there was a small profit of Rs.53-15-0. The remaining two cooperative societies namely the Bandaru Cooperative Society and the Sampaji Cooperative Society worked at a profit during the years 1949-50 and 1950-51. The profits earned by these two societies for the years 1949-50 and 1950-51 as well as by the Adoor cooperative Society for 1950-51 are however small.

3 The Board therefore considers that there is a case for exempting the five cooperative societies in question from the payment of the licence fees under the Madras Foodgrains Control Order for the years 1949-50 and 1950-51 as already submitted in the Board's reference first cited.

x on p2 above

for SECRETARY. 16 2

To
The Secretary to the Government, Food and Agriculture Department,
Fort St.George, Madras.
(with a copy of the statement)

p15 below

Copy to the Commercial Tax Officer South Kanara (with encl.)
Copy to the Collector of South Kanara.(with encl.)

Palu...14252.

14-2-52

[illegible] for the years 1948-49, 49-50 and 50-51 [illegible] by the five [illegible] in [illegible] District [illegible]

[illegible] 1948-49

1.	[illegible] Society	[illegible] 0 0	-	359 0 0	[illegible]	-	[illegible] 0 0	[illegible]225 0 0	-	[illegible] 0 0
2.	[illegible] Co-op [illegible] Society	1522 0 0	-	87 0 0	1720 13 0	136-	—	902 10 0	[illegible] 0 0	[illegible]
3.	[illegible] Co-op [illegible] Society	9100 0 0	-	330 0 0	[illegible] 0 6	18 0 0	—	13650 4 0	143 3 0	[illegible]
4.	[illegible]	[illegible] 0 0	-	427 0 0	10410 7 0	-	380 7 0	7133 4 0	-	335 0 0
5.	[illegible] Society	29600 0 0	-	247 0 0	24374 4 2	-	[illegible] 15 0	[illegible] [struck through] 1	33 15 0	-

16.2.52

A. S. Krishnamurthi
16-2-52
Superintendent

F&A (D) DEPT.

Abs: The Madras Foodgrains Control Order, 1947 - South Kanara District - Licence fees - Exemption from payment in respect of certain Cooperative Societies - Orders issued

Read: (i) G.O.Ms. No. 585 Food, dated 11-7-1949
(ii) From the Board of Revenue (Civil Supplies) Ref. No. 106452/50 M4 (CS) dated 7-8-51, 3-11-51 and 13-2-52.

.....

G.O. No.(MS) 704 Dated 23.4.1952

The Govt. have examined the proposals made in the reference cited in (ii) above and they have come to the following orders:—

(i) Exemption from payment of licence fee of Rs. 24/- p.a. chargeable under the Madras Foodgrains Control Order, 1947 will be granted to

(a) Nerlakotte Cooperative Society and Aivarnad Coop. Society for the years 1949-50 and 1950-51

(b) Sampaje Coop. Society and Adoor Maratis Coop. Society for the year 1949-50.

(ii) Exemption is refused to

(a) Bandaru Coop. Society for the years 1949-50 and 1950-51

(b) Sampaje Coop. Society and Adoor Maratis Coop. Society for the year 1950-51, as they earned profits and did not work at a loss.

2. The test enunciated by the Board in para 4 of i ref. No. 106452-M4/50 CS, dated 3-11-51 cannot serve fully the purpose and much less carry out the intention of the Govt. in cl. 5-A(3)(c) of the M.F.G.C. Order. In view of this and para 1(5) of G.O. 585, Food dated 11-7-49, the Govt. do not consider it necessary to accept the list communicated by the R.C.S., Madras and the Board of Rev (CS) are requested to submit the cases of Rural Credit Coop. Societies to Govt. together with their recommendations for orders on the merits of each case.

To the Bd. of Rev (CS)
Copy to R.C.S. Madras
to A.G. thro' Fin (para 1 only)

Abstract.

The Madras Foodgrains Control Order, 1947 - South Kanara district Licence fees - Exemption from payment in respect of certain Co-operative Societies - Orders issued.

- -

Food and Agriculture Department.

G.O.Ms.No. 704. Dated 23rd April, 1952.

Read--the following:--

i. G.O.Ms.No. 585, Food, dated 11-7-1949.
ii. From the Board of Revenue (Civil Supplies), Ref.No.106452/50-H4-CS., dated 7-8-1951, 3-11-51, and 13-2-52.

O r d e r:

The Government have examined the proposals made in the Board's references cited in (ii) above and they pass the following orders:--

i. Exemption from payment of licence fee of Rs.24/- per annum chargeable under the Madras Foodgrains Control Order, 1947 will be granted to (a) Nerlakotte Co-operative Society and Aivarnad Co-operative Society for the years 1949-50 & and 1950-51 (b) Sampaje Co-operative Society and Adoor Maratis Co-operative Society for the year 1949-50.

ii. Exemption is refused to--

(a) Bandaru Co-operative Society for the years 1949-50 and 1950-51;
(b) Sampaje Co-operative Society and Adoor Maratis Co-operative Society for the year 1950-51, as they earned profits and did not work at a loss.

2. The test enunciated by the Board in para 4 of its reference No. 106452-H4/50-CS., dated 3-11-51 cannot serve the purpose fully and much less carry out the intention of the Government in clause 5-A(3)(c) of the Madras Foodgrains Control Order. In view of this and para 1(5) of G.O.585, Food dated 11-7-49 the Government do not consider it necessary to accept the test enunciated by the Board. The Registrar of Co-operative Societies, Madras and the Board of Revenue (Civil Supplies) are therefore requested to submit the cases of & Rural Credit Co-operative Societies to Government together & with their recommendations for orders ~~mf~~ on the merits of each case.

(By Order of His Excellency the Governor).

R. M. Sundaram,
Secretary to Government.

To

The Board of Revenue (Civil Supplies).
Copy to the Registrar of Co-operative Societies, Madras.
Copy to Accountant-General through Finance (para 1 only).

Forwarded/By Order.

D.I....23/4. Superintendent.

BOARD OF REVENUE (CIVIL SUPPLIES)
SUBJECT
*

MADRAS FOODGRAINS CONTROL ORDER,1947 -South Kanara district- Rural Credit cooperative societies which are working at a loss- Exemption ffom payment of licence fees - Reference from the Registrar,Cooperative Societies,Madras- Report submitted-Orders requested.

Board s Ref.No.106452/50-1/M-1CS dt. 21/4/52.

From

Sri M.V. Subramanian,I.C.S.,
Commissioner of Civil Supplies.

Janab K. Ghulam Mahmood,I.A.S.,
Secretary to the Commissioner
of Civil Supplies.

ASSISTANT SECRETARY 25 APL 1952 FOOD AND AGRICULTURE DEPARTMENT

2355

Ref:-1.Board's Ref.No.106452/50-M4 CS dt.7/8/51
2.Govt.Memo No.56351/D2/51-1 Food and Agriculture dt.28/8/51.
3.Board's ref.No.106452/50/M4 CS dt.3/11/51
4.Board's Ref.No.106452/50-M4 CS dt.13/2/52.

The Board requests to be informed of the orders passed by the Government in the matter.

K R Srinivasan
For SECRETARY 23.4.52

To the Secretary to the Government,
Food and Agriculture Department,
Fort St. George,Madras.
MRJ 23/4/ MS 23/4

P.T.O.

22

To

The Supdt.

7-A (D)

The Bd's reminder overleaf may be perused. Trial orders in the matter are separately under issue in G.O.Ms No 704 (7-A) d 23-4-52 This may be added to the main file.

S/-

25-4-52

26-4-52

7 + A (2)

Co No 56351/B2/51. Sub: The M. F. G. C. O. 1947 – South Kanara dt – Rural Credit Co-op Societies – Exemption from payment of licence fee – Regarding.

Ref: From the Bd of Rev (Cs)

(i) Ref No 106452/50 – M4 (Cs) d 7.8.51.
(ii) Ref No 106452/50 – M4 (Cs) d 3.11.51
(iii) Ref No 106452/M/50 (Cs) d 13.2.52.
(iv) From the R. C. S. Madras: R.c. No 11521/50 S.2 dated 14.10.51 (addressed to the Bd of Rev (Cs))

pp 1–2 c.f.
pp 7–10 c.f.
p 13 c.f.
p 11 c.f.

To A.S.

Please see the Govt Memo on p 8 c.f. and the Board's reply thereto on pp 9, 10 + 13 c.f. and also the Proceedings from the R. C. S. Madras on p 11 c.f.

The case deals with the proposal of the Bd of Rev (Cs) requesting the Govt to exempt the five co-op Societies (of South Kanara dt) mentioned on p 15 c.f. from the payment of the licence fee of Rs 24/- per annum chargeable under the Madras Foodgrains Control Order, 1947. As orders stand, the Govt have decided that for the present, exemption from licence fee shall be restricted among others to such of the Rural Credit Co-op Societies which are actually working at a loss and which are specifically recommended by the Registrar of Co-op Societies for such exemption".

para 3 on p 13 c.f.
Cs A (3)(a) on p 20 c.f. (S)
AA
¶ 1 on p 21 c.f. of (N)

Through the R. C. S. recommended to the Bd, from the Co-operative point of view, fifteen Co-op Societies of South Kanara district for grant of exemption from the payment of licence fee for the years 1951–52 & 1950–51, the Board examined the cases of 15 Societies, from the point of view of Revenue to the State, in consultation with the C.T.O. and the Collector of South Kanara and recommends the grant of exemption only in respect of five Societies mentioned on p 15 c.f.

para 4 on p 10 c.f.
Vide also para 1 on p 6 c.f.

P.T.O

the test which weighs with the Bd is whether in similar circumstances, any prudent private dealer would have sustained loss." But the R.C.S. is under the impression that the only conditions to be satisfied by the Societies in order to be eligible for exemption are :

(a) that they should be working at loss ; and

(b) that they should be recommended by him and also that his recommendations should be automatically accepted.

B — Vide A on p 10 c.f.

D — H on p 11 c.f. ; A on p. 9 c.f.

The Bd opines (vide) now solicits orders of the Govt on the following points :-

(1) whether the Board's view at B' above is correct and if so, it requests that necessary instructions may be issued to the R.C.S. in the matter ; and — M on p 10 c.f.

(2) regarding the grant of exemption to the five Societies mentioned on p 15 c.f. from the payment of the licence fee (Rs 24/- p.a) under the M.F.G.C. Order for the years 1949-50 and 1950-51. — para 3 on p 13 c.f.

Item (1) above :- It appears that the stand taken by the Bd and the R.C.S. at 'B' and 'D' above respectively are not correct and sound. The test enunciated by the Bd at B above cannot serve the purpose fully and much less carry out the intention of the Govt in clause 5A(3)(c) of the M.F.G.C. Order. While this is so, the R.C.S. is too liberal in recommending exemptions without due regard to the ways and means position of the Govt. The R.C.S.' Memo on p 12 c.f (addressed to all Deputy Registrars) does not augur well, in as much as it encourages the Co-operative Societies to claim exemption. As has been clearly stated in para 1(5) of G.O.Ms No. 585 (Food) d 11.7.1949 the power to grant exemptions from the payment of licence — A on p 2 of (S) ; M on p 11 c.f of (N)

P.T.O.

fees to a person or class of persons under special circumstances, vests with the Govt. In view of this, there is no need to accept the test enunciated by the Bd at B'on p 2 above. Both the R. b.S. and the Board can submit their recommendations to the Govt who will decide each case on merit. For orders whether the Bd and the R.b.S. may be informed accordingly

BB Item (2) on p 2 above -: From a close study of the statement on p 15 c.f., following points appear clear. The societies in items 1 & 4 on p 15 c.f. have sustained loss for the years 1949-50 & 1950-51. Exemption may perhaps be granted to these Societies for the two years 1949-50 & 1950-51 as recommended by the Bd. The Society in item 2 on p 15 c.f. has not sustained loss in both the years 1949-50 & 1950-51 and as such there appears to be no justification for grant of exemption to this Society. The Society in item 3 on p 15 c.f. had profit in both the years but in the year 1949-50, the profit earned is less than the licence fee (Rs 24/-) chargeable. Exemption may be granted to this Society for the year 1949-50 only. The Society in item 5 on p 15 c.f. sustained loss in the year 1949-50, while it had a profit of Rs 53-15-0 in the year 1950-51. Exemption may be granted to this Society for the year 1949-50 only.

For orders. After orders are passed, Sec and Fin Secys may see before circulation.

ADDITIONAL DEPUTY SECRETARY 6 MAR 1952 FINANCE DEPARTMENT

UNDER SECRETARY 27 FEB 1952 DEVELOPMENT DEPARTMENT

20.2.52

21.2.52

Dev Dept

Food & Agri Rs No 5635-1/DD2/51-7 dt 26.2.52 with orgl Appt (A) (W) & (A)

Note of Food & Agri on pp 1-3 above may be perused and the file passed on to Fin dept

Dy No 20927 dt 4.3.52

4.3.52

5.3.52

5.3.52

4.

Fin(Accts)

Notes from p 1 above may be perused.

The Case relates to the proposals of the R.C.S. and the recommendations of the Board thereon for exemption from payment of fees under the Madras Cooperative Societies (Audit) order, 1947 in respect of certain Cooperative Societies in South Kanara Dist. Although the R.C.S. has submitted a list of 15 Cooperative Societies from the Cooperative point of view for exemption from the payment of the annual fee of Rs. 24 for each society, the Board has recommended only 5 societies as fit Cases for being granted exemption.

~~Finance may agree to the suggestions of F&A. Dept. as per p. 3 above~~

MD
13.3.52

DW
14.3.52

The F&A. Dept have examined the proposals on pages 1-3 above. They have held that the principles followed both by the R.C.S and by the Board are not correct and that the Govt. should decide the question of exemption in each case on its merits. As regards the 5 items recommended by the Board for exemption for 1949-50 and 1950-51, they propose to exempt only items (1) and (4) for both years and items (3) and (5) for 1949-50 only — (refusing exemption for item (2) for both years and for items (3) & (5) for 1950-51 as they earned profits and did not work at a loss.)

The proposals are in accordance with the original orders of the Govt and may be accepted

MM 17/3/52

DM
16/3/52

Fin no 16325 Accts
17-3-52

ASSISTANT SECRETARY
17826
21 MAR 1952
FOOD AND AGRICULTURE DEPT.

Food And Agri (L).

Note for Circulation.

The case deals with the proposal of the Board of Revenue (C.S.) requesting the Government to exempt the following five Cooperative Societies of South Kanara district from the payment of the licence fee of Rs.24/- per annum chargeable under the Madras Foodgrains Control Order, 1947.

1. Nerlakatte Cooperative Society.
2. Bandaru Cooperative Society.
3. Sampaje Cooperative Society.
4. Aivarnad Cooperative Society and
5. Adoor Maratis Cooperative Society.

As orders stand, the Government have decided that for the present, exemption from licence fee shall be restricted among others to "such of the Rural Credit Cooperative Societies which are actually working at a loss and which are specifically recommended by the Registrar of Cooperative Societies for such exemption."

Though the Registrar of Cooperative Societies recommended to the Board, from the Cooperative point of view, fifteen Cooperative Societies of South Kanara district for grant of exemption from the payment of licence fee for the years 1949-50 and 1950-51, the Board examined the cases of 15 societies, from the point of view of Revenue to the State, in consultation with the Commercial Tax Officer and the Collector of South Kanara and recommends the grant of exemption only in respect of five Societies mentioned above.

The test which weighs with the Board is "whether in similar circumstances, any prudent private dealer would have sustained loss". But the Registrar of Cooperative Societies is under the impression that the only conditions to be satisfied by the Societies in order to

p.t.o.

be eligible for exemption are:—

(i) that they should be working at loss; and

(ii) that they should be recommended by him and also that his recommendations should be automatically accepted.

The Board of Revenue (C.S.) now solicits orders of the Government on the following points:-

(a) whether its view at 'B' on p.5 above is correct and if so, it requests that necessary instructions may be issued to the Registrar of Cooperative Societies in the matter; and

(b) regarding the grant of exemption to the five Societies mentioned at 'A' on p.5 above from the payment of the licence fee Rs.24/- p.a., under the Madras Foodgrains Control Order for the years 1949-50 and 1950-51.

Item (a) above:- The stands taken by the Board and the Registrar of Cooperative Societies at 'B' on p.5 above and 'D' on pp.5-6 above respectively are not correct and sound. The test enunciated by the Board at 'B' on page 5 above cannot serve the purpose fully and much less carry out the intention of the Government in clause 5A(3)(c) of the Madras Foodgrains Control Order. While this is so, the Registrar of Cooperative Societies is too liberal in recommending exemptions without due regard to the ways and means position of the Government. As has been clearly stated in para 1(5) of G.O.Ms.No.585 (Food) dated 11-7-1949, the power to grant exemptions from the payment of licence fees to a person or class of persons under special circumstances, vests with the Government. In view of this, there is no need to accept the test enunciated by the Board at 'B' on p.5 above. In cases of Rural Credit Cooperative Societies both the Registrar of Cooperative Societies and the Board can submit their recommendations to the Government who will decide each case on merit. The Board and the Registrar of

P.T.O.

Cooperative Societies may therefore be informed accordingly. Development and Finance Departments have agreed to this proposal.

R

~~Development and Finance Departments have agreed to the proposal~~

Item (b) on p6 above:- From a close study of the statement furnished by the Board in the matter, it is evident that all the five Cooperative Societies in question did not sustain loss for the years 1949-50 and 1950-51. ~~Bearing this in mind~~, In view of this this Department have have proposed with the concurrence of Development and Finance Departments to exempt from the payment of the licence fee only items 1 and 4 at 'A' on p.5 above for both years (viz., 1949-50 and 1950-51) and items 3 and 5 for 1949-50 only - (refusing exemption for items 2 for both years and for items 3 and 5 for 1950-51 as they earned profits and did not work at a loss)

'S'

The case may be circulated to H.M.(Food) for approval 'R' on pp 6-7 above and 'S' above.

27.3.52

19.3.52

1/4/52

2/4

To A.S.

7+4 (D)

W.V.C. The orders above obtained in circulation, a draft order is submitted below for approval.

8.4.52

17.4.52

21/4/52

Issued as GO MS 704 dt 23-4-1952